

Message Text

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ORIGIN L-03

INFO OCT-01 EUR-12 ISO-00 EB-07 FEA-01 OES-05 ERDA-07

AID-05 CEA-01 CIAE-00 CIEP-02 COME-00 DODE-00 FPC-01

H-02 INR-07 INT-05 NSAE-00 NSC-05 OMB-01 PM-04

USIA-15 SAM-01 SP-02 SS-15 STR-04 TRSE-00 /106 R

DRAFTED BY L/EB:G.A.ROSEN:JV

APPROVED BY L/EB:P.R.TRIMBLE

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FM SECSTATE WASHDC

TO AMEMBASSY BRUSSELS

UNCLAS STATE 037229

E.O. 11652: N/A

TAGS: ENRG, US

SUBJECT: PETROLEUM PRICING IN US

REF: LESSER/ROSEN TELCON

1. THERE HAVE BEEN NO RECENT CHANGES IN FEA REGULATIONS GOVERNING TRANSFER PRICES BETWEEN AFFILIATED COMPANIES FOR OIL IMPORTED INTO U.S. THE ENERGY POLICY AND CONSERVATION ACT (EPCA) ENACTED INTO LAW DECEMBER 22, 1975 DID AMEND EMERGENCY PETROLEUM ALLOCATION ACT OF 1973 (EPAA) WITH RESPECT TO HOW CHANGES IN COSTS SHOULD BE REFLECTED IN PRICES CHARGED FOR PETROLEUM PRODUCTS BY U.S. REFINERS, RESELLERS AND RETAILERS.

2. SECTION 401 OF THE EPCA INTRODUCES A NEW SECTION 9 IN EPAA REQUIRING THAT DECREASES IN A FIRM'S COST OF CRUDE OIL RESIDUAL FUEL OIL OR REFINED PETROLEUM PRODUCTS BE FULLY TAKEN INTO ACCOUNT IN COMPUTING THAT FIRM'S

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MAXIMUM LAWFUL SELLING PRICES. SECTION 402 OF EPCA AMENDS

SECTION 4(B) OF EPAA BY ADDING CERTAIN LIMITATIONS
WITH RESPECT TO LENGTH OF TIME WITHIN WHICH NET CRUDE
OIL COST INCREASES MAY BE PASSED THROUGH IN PRICES CHARGED
BY REFINERS AND BY ADDING CERTAIN REQUIREMENTS WITH RESPECT
TO PROPORTIONATE DISTRIBUTION TO PRICES FOR SPECIFIED

PRODUCTS OF INCREASED COSTS OF CRUDE OIL INCURRED BY
REFINERS.

3. TEXT OF EPCA AND CONFERENCE REPORT POUCHED TO LESSER.
KISSINGER

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NNN

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